



Farmers Rural Electric Cooperative Corporation

504 South Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142-1298 • (270) 651-2191 • FAX (270) 651-7332

May 8, 2008

Ms. Stephanie L. Stumbo  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-4615

RECEIVED

MAY 12 2008

PUBLIC SERVICE  
COMMISSION

RE: Case No. 2008-00128

Dear Ms. Stumbo:

Enclosed you will find an original and six (6) copies of Farmers Rural Electric's revised cogeneration tariffs reflecting East Kentucky Power's proposed new rates. This is in response to the Commission's order dated April 28, 2008.

Should you require further information, please contact me. Thank you.

Sincerely,  
Farmers Rural Electric Cooperative Corporation

A handwritten signature in black ink that reads 'William T. Prather'. The signature is written in a cursive style.

William T. Prather  
President and CEO

Enclosures

[www.farmersrecc.com](http://www.farmersrecc.com)

A Touchstone Energy<sup>®</sup> Cooperative The logo for Touchstone Energy, which consists of a stylized 'T' and 'E' intertwined within a circular shape.



Steven L. Beshear  
Governor

Robert D. Vance, Secretary  
Environmental and Public  
Protection Cabinet

Larry R. Bond  
Commissioner  
Department of Public Protection

Bill Prather  
Farmers R.E.C.C.  
504 South Broadway  
P.O. Box 1298  
Glasgow, KY 42141-1298

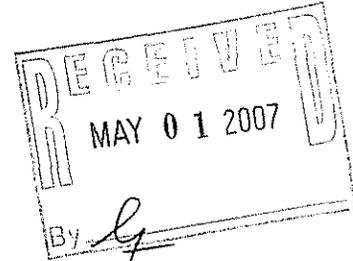
Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman

John W. Clay  
Vice Chairman

Caroline Pitt Clark  
Commissioner

April 28, 2008



RE: Case No. 2008-00128

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Stephanie Stumbo  
Executive Director

SS/rs

Enclosure

Allen Anderson  
South Kentucky R E C C  
P O Box 910  
925-929 N Main Street  
Somerset, KY 42502-0910

Daniel W. Brewer  
Blue Grass Energy Cooperative Corp.  
P O Box 990  
1201 Lexington Road  
Nicholasville, KY 40340-0990

Sharon K. Carson  
Finance & Accounting Manager  
Jackson Energy Cooperative  
115 Jackson Energy Lane  
McKee, KY 40447

Paul G Embs  
Clark Energy Cooperative, Inc  
P O Box 748  
2640 Ironworks Road  
Winchester, KY 40392-0748

Carol H Fraley  
President and CEO  
Grayson R E C C  
109 Bagby Park  
Grayson, KY 41143

Ted Hampton  
Cumberland Valley Electric, Inc  
Highway 25E, P O Box 440  
Gray, KY 40734

Larry Hicks  
Salt River Electric Cooperative  
Corp  
111 West Brashear Avenue  
P O Box 609  
Bardstown, KY 40004

Robert Hood  
Owen Electric Cooperative, Inc  
8205 Highway 127 North  
P O Box 400  
Owenton, KY 40359

Kerry K Howard  
Licking Valley R E C C  
P O Box 605  
271 Main Street  
West Liberty, KY 41472

James L. Jacobus  
Inter-County Energy Cooperative  
Corporation  
1009 Hustonville Road  
P O Box 87  
Danville, KY 40423-0087

Honorable Charles A. Lile  
Senior Corporate Counsel  
East Kentucky Power Cooperative,  
Inc  
4775 Lexington Road  
P O Box 707  
Winchester, KY 40392-0707

Debbie Martin  
Shelby Energy Cooperative, Inc  
620 Old Finchville Road  
Shelbyville, KY 40065

Michael L. Miller  
President & CEO  
Nolin R E C C  
411 Ring Road  
Elizabethtown, KY 42701-8701

Barry L. Myers  
Manager  
Taylor County R E C C  
100 West Main Street  
P O Box 100  
Campbellsville, KY 42719

Christopher S Perry  
Fleming-Mason Energy Cooperative  
P O Box 328  
Flemingsburg, KY 41041

Bill Prather  
Farmers R E C C  
504 South Broadway  
P O Box 1298  
Glasgow, KY 42141-1298

Bobby D Sexton  
President/General Manager  
Big Sandy R E C C  
504 11th Street  
Paintsville, KY 41240-1422

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE REVISION OF COGENERATION AND )  
SMALL POWER PURCHASE RATES OF EAST ) CASE NO. 2008-00128  
KENTUCKY POWER COOPERATIVE, INC. )

ORDER

On March 31, 2008, East Kentucky Power Cooperative, Inc. ("East Kentucky") filed proposed revisions to its Tariff for Qualified Cogeneration and Small Production Facilities ("cogen tariff") as directed in the Commission's Order in Case No. 2006-00472.<sup>1</sup> The rates proposed in the cogen tariff, based on its higher avoided costs, will increase the amount East Kentucky pays cogeneration customers for electricity.

The Commission finds that, pursuant to KRS 278.190, which, inter alia, allows the Commission to suspend a proposed tariff for a period up to 5 months, further proceedings are necessary to determine the reasonableness of the proposed tariff revisions and that such proceedings cannot be completed prior to the proposed effective date. The Commission will, therefore, suspend the rates for a period of one month in order to allow the distribution cooperatives served by East Kentucky sufficient time to file their companion cogen tariffs but, in turn, to allow the affected customers to begin receiving the revised higher payment as soon as possible.

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<sup>1</sup> Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc., Order dated December 5, 2007.

IT IS THEREFORE ORDERED that:

1. The proposed rates are hereby suspended for a period of one month from May 1, 2008 to May 31, 2008, to be effective subject to change, with service rendered on and after June 1, 2008.

2. The procedural schedule set forth in Appendix A, which is attached hereto and incorporated herein, shall be followed.

a. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with copies to all parties of record and 6 copies to the Commission.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Any party shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any requests to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

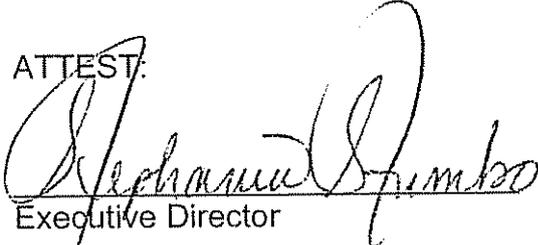
3. Each distribution cooperative that East Kentucky serves is hereby made a party to this proceeding.

4. Each distribution cooperative served by East Kentucky shall file its revised cogen tariffs reflecting East Kentucky's proposed rates with the Commission no later than May 11, 2008 with an effective date of June 1, 2008. ✓

Done at Frankfort, Kentucky, this 28th day of April, 2008.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00128 DATED APRIL 28, 2008

All initial requests for information to East Kentucky  
shall be filed no later than.....05/12/2008

East Kentucky shall file responses to initial requests  
for information no later than.....05/21/2008

All supplemental requests for information to  
East Kentucky shall be filed no later than.....05/30/2008

East Kentucky shall file responses to supplemental  
requests for information no later than.....06/09/2008

Farmers Rural Electric Cooperative Corporation

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE  
LESS THAN 100 kW

**AVAILABILITY**

Available only to qualified cogeneration or small power production facilities with a design capacity of less than 100 kW which have executed a contract with Farmers Rural Electric Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

**RATES**

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (I)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

Year	<u>Winter</u>		<u>Summer</u>		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199	(I)
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094	(I)
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203	(I)
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069	(I)
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486	(I)

b. Non-Time Differentiated Rates:

Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933	\$0.04596	(I)

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Prutton TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2008-00128 Dated April 28, 2008

Farmers Rural Electric Cooperative Corporation

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The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

#### TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Farmers Rural Electric Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Farmers Rural Electric Cooperative Corporation for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

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DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

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Farmers Rural Electric Cooperative Corporation

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6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00
  - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years. (N)
8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

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DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

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Case No. 2008-00128 Dated April 28, 2008

Farmers Rural Electric Cooperative Corporation

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE OVER 100 kW

**AVAILABILITY**

Available only to qualified cogeneration or small power production facilities with a design capacity of over 100 kW which have executed a contract with Farmers Rural Electric Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

**RATES**

The rates set forth below shall be used as the basis for negotiating a final purchase rate with qualifying facilities pursuant to Section 7 of 807 KAR 5:054. (T)

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (I)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

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	On-Peak	Off-Peak	On-Peak	Off-Peak
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199
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2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486

b. Non-Time Differentiated Rates:

Year	2008	2009	2010	2011	2012
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933	\$0.04596

DATE OF ISSUE May 8, 2008 DATE EFFECTIVE June 1, 2008  
ISSUED BY William J. Patten TITLE President & Chief Executive Officer  
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Case No. 2008-00128 Dated April 28, 2008

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**On-Peak** 10:00 a.m. - 10:00 p.m.

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